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Indonesia Construction Sector

Sector Focus

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Growth still on the table

Massive opportunity, but may takes time

Indonesian construction sector is entering the up-cycle on the back of increased investment in infrastructure. Our study on Indonesia infrastructure concludes that there are massive opportunity for existing state-owned contractors after years of underinvestment by the government. We estimate 13.7% new contract growth in 2016-20 which would lead to sector's overall net income growth of 11.9% over the same period. We cautioned, however, that infrastructure roll-out may take time, despite the lucrative top-down picture.

The current state of Indonesian infrastructure

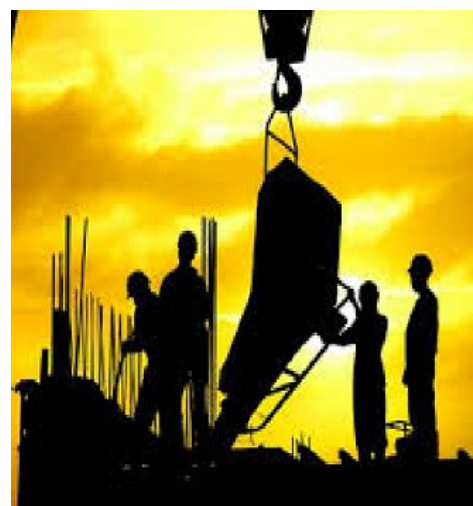
Infrastructure investment remains poor in the past several years with many government projects lagging behind in terms of execution. However, we believe utilization rate on infrastructure facilities have reached a critical threshold and Government has no choice but to invest. Historically Indonesian government spending relative to GDP is a mere 1.6%. Today it is 2.15% of GDP. We believe that a pick-up in the government spending as percentage of GDP is possible over the coming years and would drive the sector forward. Indonesia is a laggard in terms of all infrastructure sector from transport to power generation.

Buy on PTPP, WSKT; Sell on WIKA and WTON

Our recommendation is based on several metrics to capture multiple dimensions of the covered companies. The metric encompasses several variables including: growth, valuation, cash flow and profitability. Our top pick is PTPP due to its ROIC and overall decent performance. We have a Sell on WIKA and WTON as their growth are decelerating from competition.

Valuation

We employ PE multiple to value construction companies. While the sector is not cheap to relative to the market, we believe there are opportunities in the coming years. The sector trades at 22.7x and 22.0x 2016 and 2017 PE.

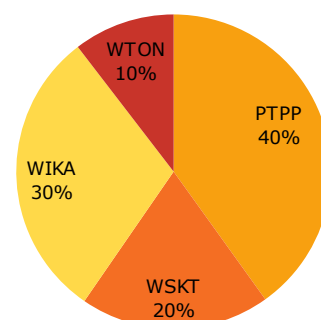


NEUTRAL

(P/E) 2016

PTPP	14.9
WSKT	20.9
WIKI	19.3
WTON	35.9

MARKET CAP



Companies Data

	Rec.	TP	Sh. Pr.	Ups/dw	Earnings	EPS (Rp/sh)			PE (x)		PEG (x)	ROIC (%)	
		(Rp/sh)	(Rp/sh)	(%)	CAGR16-20	FY16	FY17	% YoY	FY16	FY17	FY16	FY15	FY16
PTPP	Buy	4,720	3,145	50%	22%	211	231	9%	14.9	13.6	1.6	49%	45%
WSKT	Buy	1,770	1,570	13%	6%	75	79	5%	20.9	19.9	4.4	25%	21%
WIKI	Sell	2,525	2,570	-2%	4%	133	146	9%	19.3	17.7	2.1	22%	21%
WTON	Sell	680	855	-21%	6%	24	23	-3%	35.9	36.9	NM	12%	10%

Investment Thesis

We initiate our coverage on Indonesian Construction sector

The sector stand to benefit from years of underinvestment in infrastructure. We believe that government spending on infrastructure has to be executed. We base our assumption on the fact that Indonesia's infrastructure facilities are significantly lagging behind its regional peers. The current government will have no choice but to invest in infrastructure over the next several years to keep up with the population growth.

Thus we believe that construction state owned enterprises is on the brink of multiyear growth from both government and private sector projects.

We view the SOE companies to fare better than private companies as they have the edge from: strong relationship with various Ministries that give out tenders and easy capital from government injection in 2016-17. This guarantees higher contract certainty and sufficient capital base to expand its project.

We currently favour **PTPP** as our top pick in the sector, followed by **WSKT**. We have a Sell on **WIKA** and **WTON**. Specifically, we rate our coverage as below:

-PTPP (Buy; 50% upside, PT Rp4,720): Company has been able to secure market share by venturing into private side. Company will continue to benefit from securing more market share.

-WSKT (Buy; 13% upside, PT Rp1,770): WSKT is entering a high-growth period thanks to its toll-road projects. However, we caution that execution remains to be seen.

-WIKA (Sell; 2% downside, PT Rp2,525): As a result of intensifying competition, WIKA has seen its market share erodes from 42.2% in 2009 to 24% in 2014 (among the top three SOE contractors). We view the competitive landscape to have turned against WIKA and could create pressure against its growth potential.

-WTON (Sell; 21% downside, PT Rp680): We view that cost items could rise higher than expectation and thus hurts earnings. We view that WTON lacks a competitive advantage against other pre-cast business. ROIC is retreating and order book growth will remain sluggish in our view.

We apply various metrics that signifies profitability, cash flow, valuation and profitability among the existing contractors.

We apply a one year forward PE multiple in our valuation methodology, unless the business is losing market share where we apply a 25% discount from average forward PE multiple.

Risk to our call

We believe the following items represent the key risk to our bullish call on construction items:

1. Land acquisition for infrastructure projects: as always, this is the key concern on order book and revenue recognition. If government is unable to clear the land for infrastructure project this will lead to a drag on revenue and working capital. Land clearing hurdles for PPP projects could also represent a threat to construction companies failing to achieve their order book and revenue target.

2. Slowing private sector investment: this is particularly true for property market where contractors receive projects to build high-rise residential and office. The property industry is cyclical and depend on GDP.

Catalyst to our call

We believe the following points are the catalyst for the sector to achieve our price target:

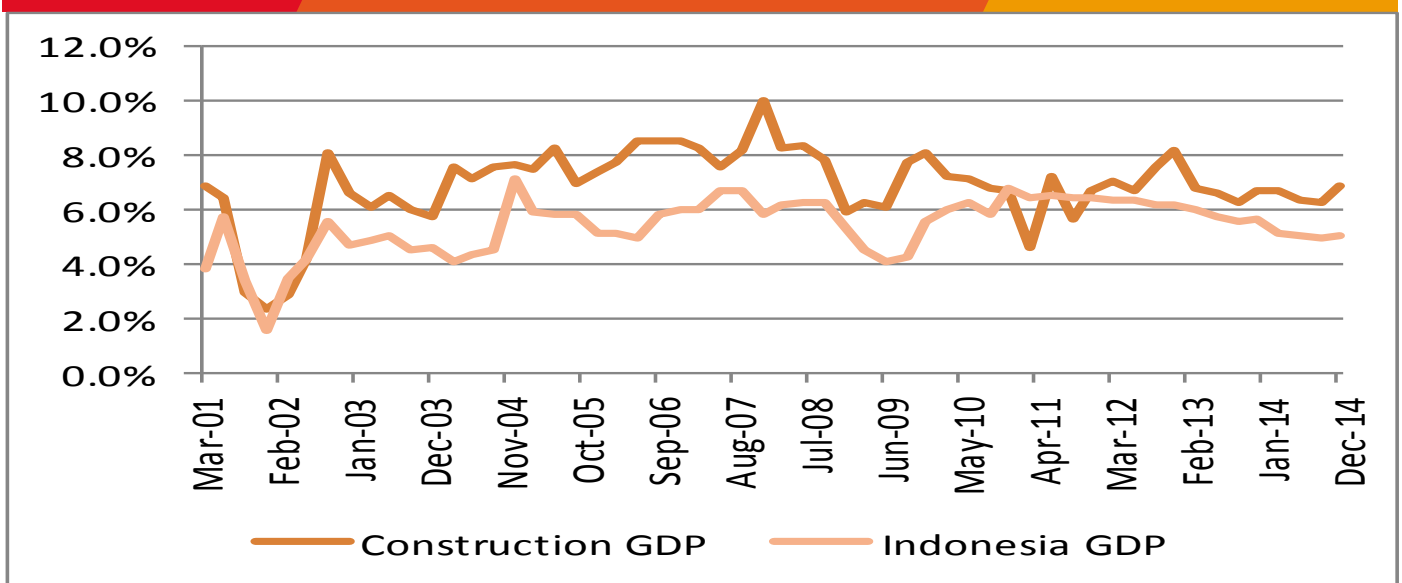
1. Accelerated government spending in Q4 and Q3: we see some pick-up based on month-on-month basis. If the trend continues until Q3 then we believe this would be seen as higher commitment from the government to roll-out infrastructure investment.
2. Q3 and Q4 results: construction companies tend to post result higher in their second half. Historically Q3 and Q4 net income made up around 27% and 45% of their earnings respectively. Thus potential for rerating and when abnormal earnings could be seen is in Q3 and Q4.

Industry Outlook

Poor state of Indonesia infrastructure

We view that Indonesian construction sector is still in a nascent stage and that Government's move to improve infrastructure in the coming period is inevitable. This bodes well for construction sector as we expect order books to grow abnormally at a higher rate on the back of infrastructure glut.

Figure 1. Growth of construction GDP against Indonesia GDP



Source: TRIM Research

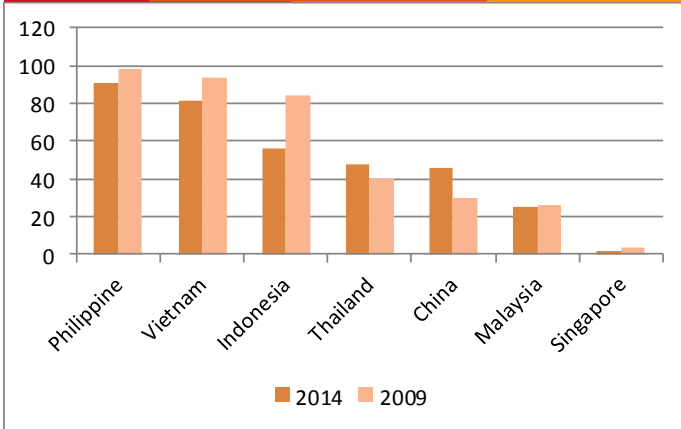
Looking at historical trend, construction GDP has consistently grown faster than Indonesia's overall GDP. Construction GDP measures the value-add in construction sector, which should closely resemble corporate profits. The trend has been for construction companies' profitability to grow faster than GDP.

Despite the lucrative top-down view so far, we acknowledge there are limiting factors to the infrastructure rollout: land acquisition problem continues to dominate the issue. In addition, government spending has yet to pick up and Ministry of Public Works had only started working in May (four months ago). This would create, in the short term, a mismatch between investors' expectations and financial performance by construction companies.

Nonetheless, we stick to the big picture of Indonesia's infrastructure glut: that Indonesian construction sector remains to be the faster growing sector among other industries.

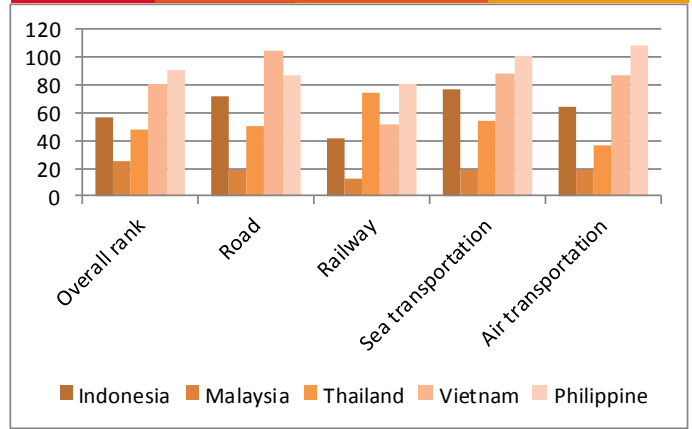
Regional comparison

Figure 2. Infrastructure competitiveness



Source: World Bank

Figure 3. Ranking breakdown



Source: World Bank

Based on the Infrastructure Competitiveness Index maintained by World Bank, Indonesia's infrastructure has improved from rank 84 to rank 56 globally. However in regional perspective, Indonesia is still behind peers such as Thailand, China and Malaysia by a wide margin.

Further breakdown is shown to the right. Indonesia is clearly lagging in terms of both land road, sea port and airport. Indonesia is on the lower end of the spectrum,acing only Philippine and Vietnam.

For a big economy ahead of its regional peers such as Indonesia the infrastructure glut paints a gloomy picture on the economy's competitiveness. However, this underlies an important point to our bullish thesis: infrastructure needs to be built eventually in order to support the sizable population and economy.

This becomes more evident when we look at further metrics comparing Indonesia against its ASEAN peers, on various mode of transportation (air, sea, and land) as well as power generation.

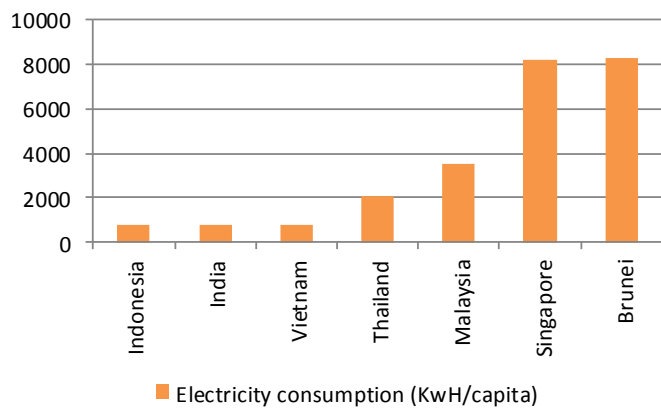
Domestic infrastructure breakdown

We specifically looked at various infrastructure facilities in Indonesia to examine how they fare against regional peers.

We will break down the metrics based on power sector, road, port, and airport facilities and see how they compare or how over-utilized the facilities are.

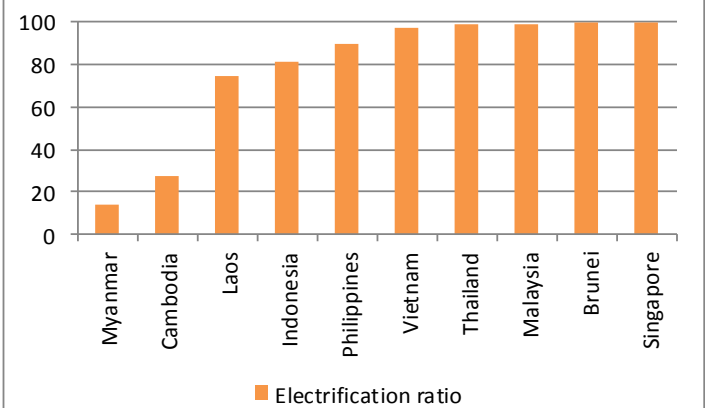
Power Sector

Figure 4. Electricity consumption



Source: World Bank

Figure 5. Electrification ratio



Source: National Planning Agency

Power consumption in Indonesia is still below regional peers. Indonesia's consumption on kilowatt hour basis per capita is 5% below India and 7.8% below Vietnam.

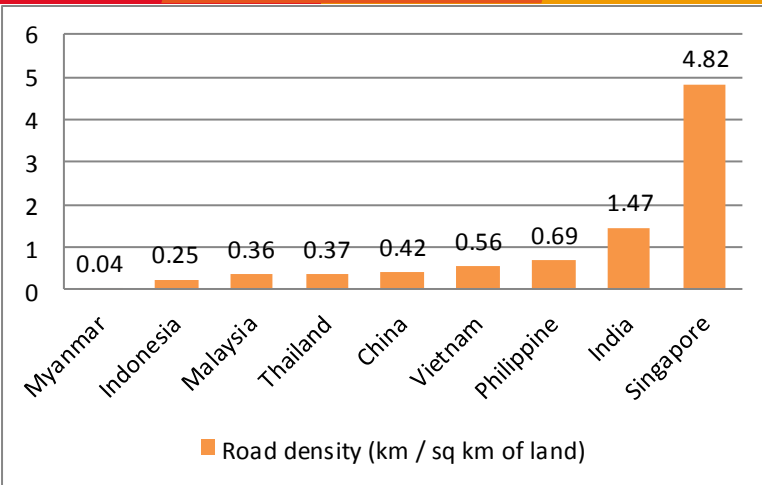
We believe the low consumption is also attributable to lower electrification ratio. Per 2014, the electrification ratio is 81.5%. While this has increased significantly from 73% in 2010, the ratio remains below its neighbouring countries. Pretty much 6 ASEAN countries have near 100% electrification ratio.

For a big economy leading its regional peers, Indonesia is tracking behind in terms of power generation and electricity delivery.

Road network

Indonesia is also lagging behind in terms of road length. For a sizable population, the road density per kilometre square of land is one of the poorest in the region. Indonesia's road density is 32% lower than peers like Thailand and Vietnam.

Figure 6. Road density



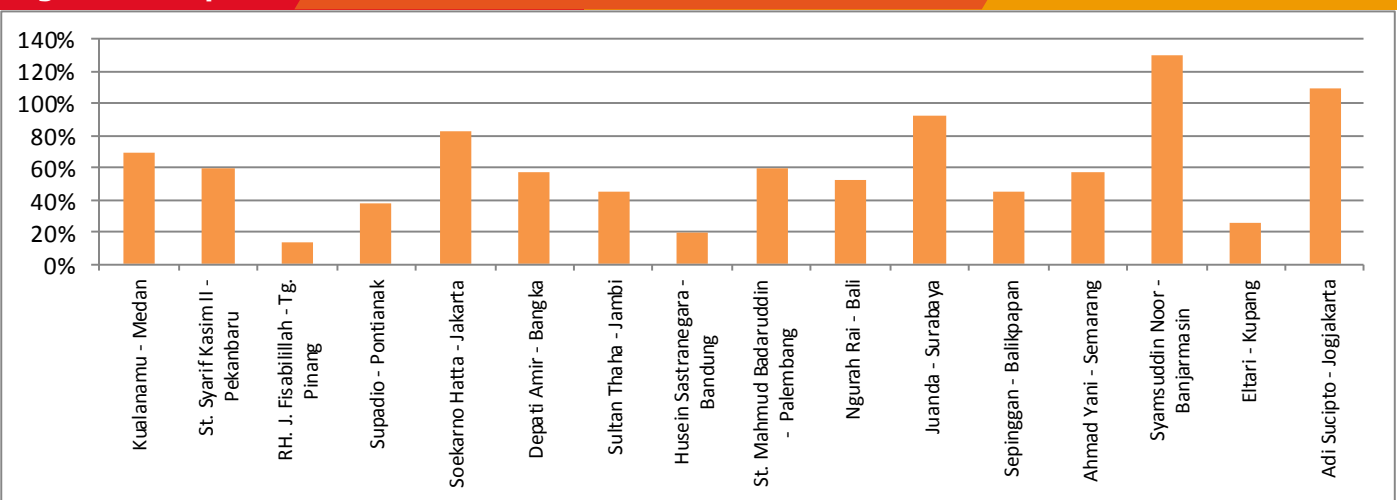
Source: World Bank

Air transport

Indonesia's airports have suffered the endemic problem of being overcrowded and over utilized. A series of capacity expansions in many airports have eased this problem as current utilization rate has decreased to around 70% (national average) against 213% in 2011. The overutilization has forced the Government to increase capacity by 93% nationally.

However, given the trends of air travel which is growing at around 17% from 2004 to 2014, the existing capacity will likely hit its peak in slightly over three years' time. This means that new capacity expansion may come in the next few years. We assume that the number of travellers is growing at a slower rate of 10% CAGR over the next three years.

Figure 7. Airport utilization

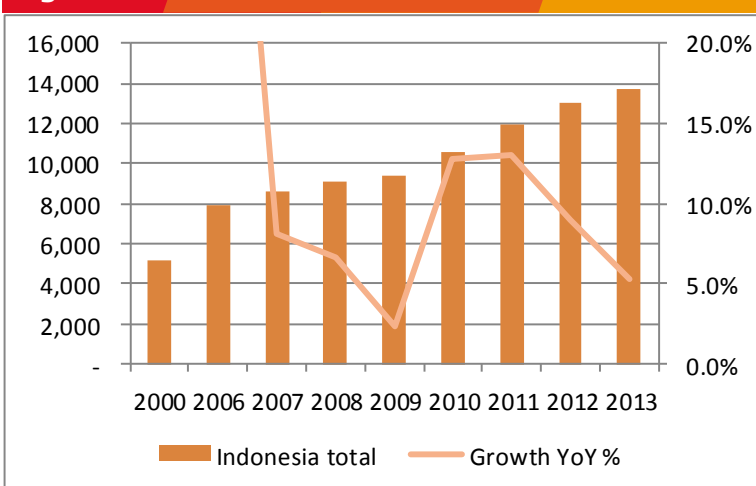


Source: Ministry of Transportation

Port

Indonesia relies heavily on port infrastructure to conduct intra-island shipment and export-import activities. Based on the data from Indonesian Port Companies, container units (measured on number of twenty-foot-equivalent or TEUs) have increased at around 7.7% CAGR over 2000-2013. With volumes growing faster than real GDP of 6.7% on the same period, we believe port expansion has to be on the agenda of every administration.

Figure 8. Container traffic in Indonesia



Source: Pelindo

Jokowi's grand plan: Indonesia's five years agenda

All the data points above illustrate the need for more infrastructure roll out. The big question lies in what the Government is planning and will do over the next five years.

Based on National Planning Agency plan for 2014-2019, the current Jokowi administration has set an ambitious target of infrastructure expansion. Based on our calculation, the total infrastructure improvement could cost Rp957tn over the next five years. This translates to a minimum spending of around Rp191tn on per annum basis, which is 15% above the average realized government spending over the past 4 years.

Figure 9. National Planning Agency –Medium Term Work Plan

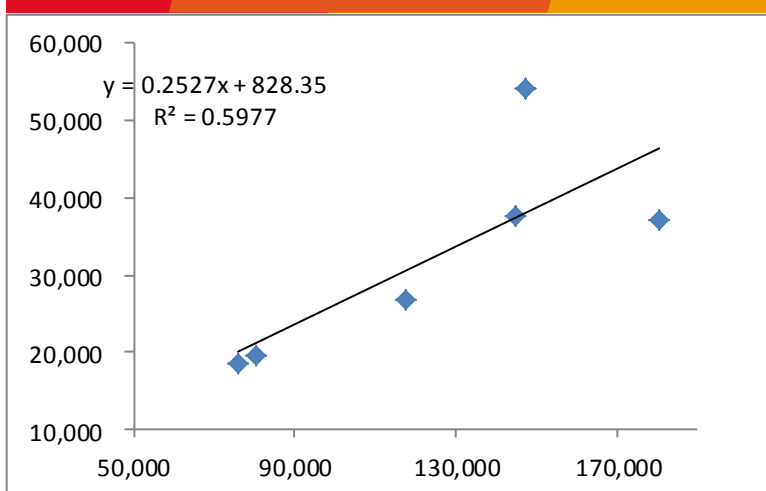
Program	Unit	2014	2019	Difference	Est. value (Rp bn)
Power plant capacity	GW	50.7	86.6	35.9	879,550
Electrification ratio	%	81.50%	96.60%	15.10%	
Good road condition	%	94%	98%	4.00%	
New road development	km	1202	2650	1448	5,068
New toll road development	km	807	1000	193	27,985
Train tracks	km	5434	8692	3258	33,297
Port development	unit	278	450	172	10,956
Airport count	unit	237	252	15	510
Total					957,366

Source: TRIM Research, National Planning Agency

Positive correlation with government spending

Based on the available data of construction companies' new contract from WSKT, WIKA and PTPP, we found strong correlation between new contracts with realized government spending.

Figure 10. Gov't spending vs new contract



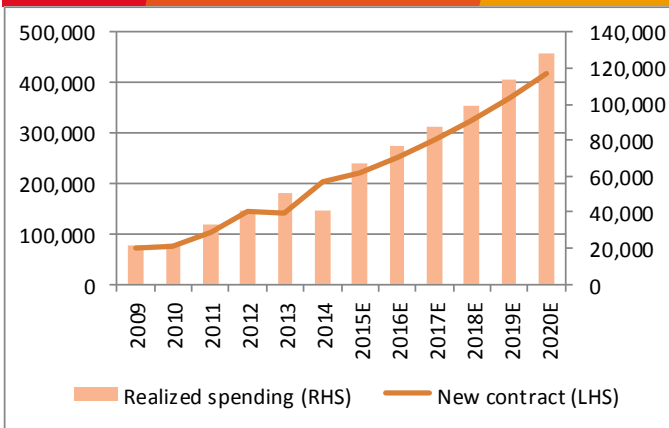
Source: TRIM Research, CEIC, Company data

In all fairness, we need more observation to be fully conclusive. However, the positive relationship is apparent. The correlation between new contract and government spending is as high as 0.89 across 2009-2014.

We use the relationship above to forecast new contract for our covered state owned construction companies. We view that this channel makes sense, government spending entails capital spending, which translates to new contract for construction companies.

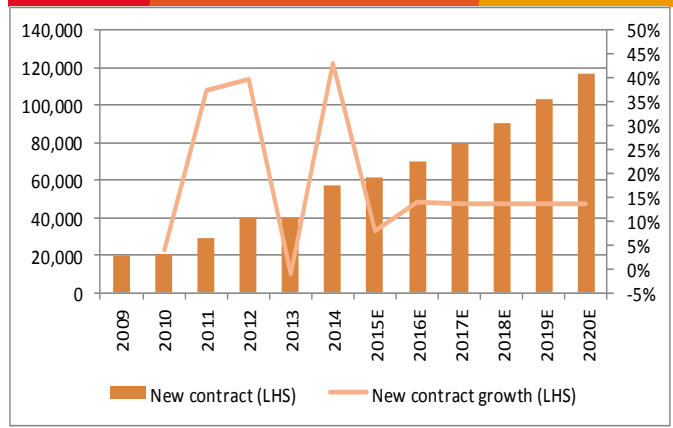
This is the base for our new contract estimates. We estimate realized infrastructure spending of Rp240tn in 2015E (87% realization from budget of Rp276tn), and we expect this number to grow at a rate of 15% over the next five years well into 2020E. As a sanity check, the realized infrastructure spending between 2009-2014 was around 14%, thus we believe our forecast is still in-line with historical data.

Figure 11. Expected spending realization



Source: TRIM Research, CEIC, Company data

Figure 12. New contract estimates

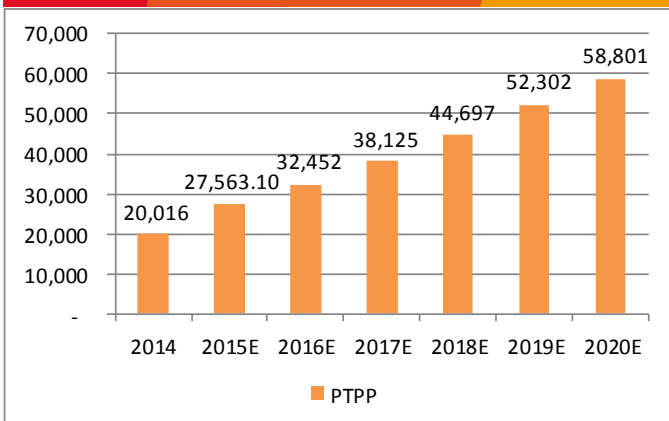


Source: TRIM Research, CEIC, Company data

Our estimated spending has not yet include refurbishment or repair work done by Ministry of Public Works, which we assume to be the difference between the estimated budget and our assumed minimum spending by the Government.

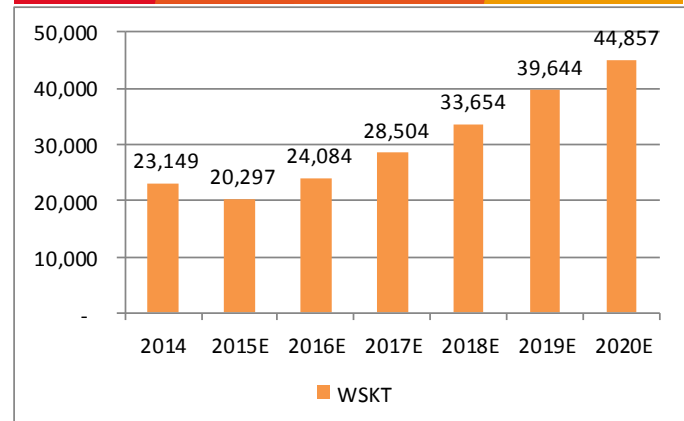
Based on our forecast, the expected new contract for Indonesian contractors can be found on the below graphs

Figure 13. PTPP new contract

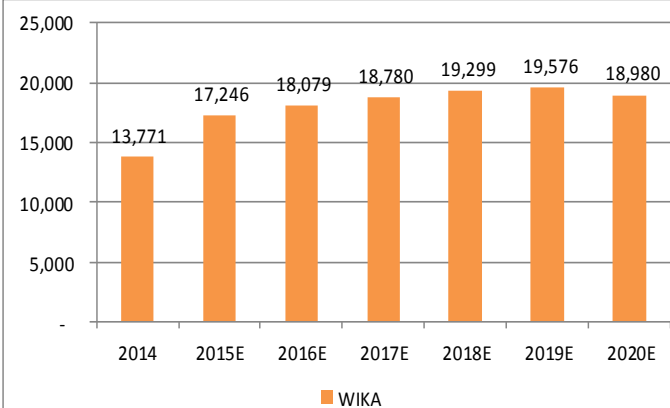


Source: TRIM Research

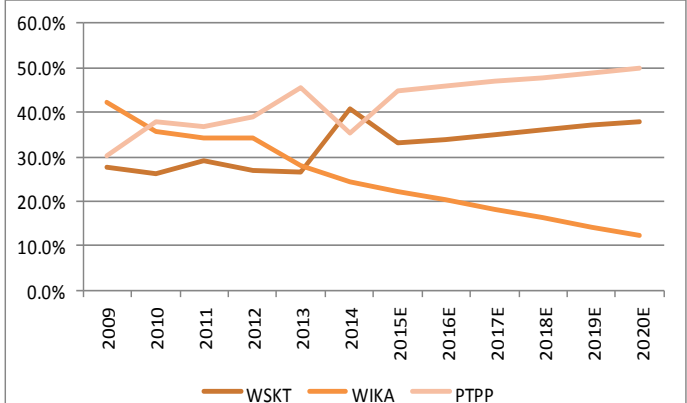
Figure 14. WSKT new contract



Source: TRIM Research

Figure 15. WIKA new contract


Source: TRIM Research

Figure 16. Market share estimates


Source: TRIM Research

We have also assumed a specific level of market share for each of the companies. Specifically we are assuming market share of 46% for PTPP in 2016, WSKT of 34% and WIKA of 20% over the same period. We believe both PTPP and WSKT could secure more contract against WIKA. We believe competitive forces are playing out against WIKA and it remains to be seen how management can cope against such scenario. We believe that Rp3tn government injection in 2016 could be a game changer but this remains to be seen and have low visibility at the moment.

WIKI is steadily losing market share which we see in the historical trend: the market share in 2009 was 42% but declines to 24% in 2014. We expect this trend to continue as PTPP and WSKT grab more market share.

We have also produced the order book based on backlog, revenue execution and new contract figures:

Figure 17. Order book and revenue forecast

Order book and revenue—Rp bn	2014	2015	2016	2017
PTPP				
New contract	20,016	27,563	32,096	37,322
Carryover	32,773	41,037	52,113	63,971
Total order book	52,789	68,600	84,209	101,293
Revenue	11,753	16,486	20,238	24,344
Revenue as % of OB	22%	24%	24%	24%
WSKT				
New contract	23,149	20,297	26,356	30,440
Carryover	6,891	17,707	22,803	29,495
Total order book	30,040	38,004	49,159	59,935
Revenue	9,484	15,202	19,663	23,974
Revenue as % of OB	32%	40%	40%	40%

Source: TRIM Research

Figure 18. Order book and revenue forecast

Order book and revenue	2014	2015	2016	2017
WIKA				
New contract	11,485	17,445	20,989	23,620
Carryover	13,771	17,246	17,923	18,469
Total order book	25,256	34,691	38,912	42,089
Revenue	12,463	13,702	15,291	16,492
Revenue as % of OB	49%	39%	39%	39%
WTON				
New contract	2,828	3,600	3,780	3,969
Carryover	1,660	1,074	1,261	1,360
Total order book	4,488	4,674	5,041	5,329
Revenue	3,277	3,413	3,681	3,891
Revenue as % of OB	73%	73%	73%	73%

Source: TRIM Research

Our scoring on construction shares:

Figure 19. Sector preference table

Metrics	ROIC (16E)	CFO / Net Income (16E)	Revenue CAGR (16-19E)	Upside to PT	Total
PTPP	45.5%	73.0%	18.5%	43.3%	
WSKT	20.6%	-43.2%	18.7%	10.7%	
WIKA	20.5%	87.8%	6.1%	2.6%	
Score					
PTPP	3	2	2	3	10
WSKT	2	1	3	2	8
WIKA	1	3	1	1	6

Source: TRIM Research

Based on our metrics above which employ various variables, we pick PTPP as our top pick as it scores relatively well across the board. Our Buy recommendation is followed by WSKT which scores relatively well on revenue growth as it is growing via its acquisition of toll road assets. However, WSKT scores very poorly on its CFO/net income metrics, which we use to capture accruals on corporate profits.

We have a Sell on WIKA and WTON: while the companies have decent cash flow, they score relatively poor on revenue growth and ROIC on the back of losing market share.

The limiting factors to aggressive infrastructure roll-out

The huge risk lies with delayed execution, we believe that the key risk is that valuation has rallied a lot, expectations are high but little has been done in the field. While industry order book and guidance remain buoyant, revenue recognition and thus cash flow of SOE contractors have remained tight.

Indeed, we view that the revenue recognition is limited by several things:

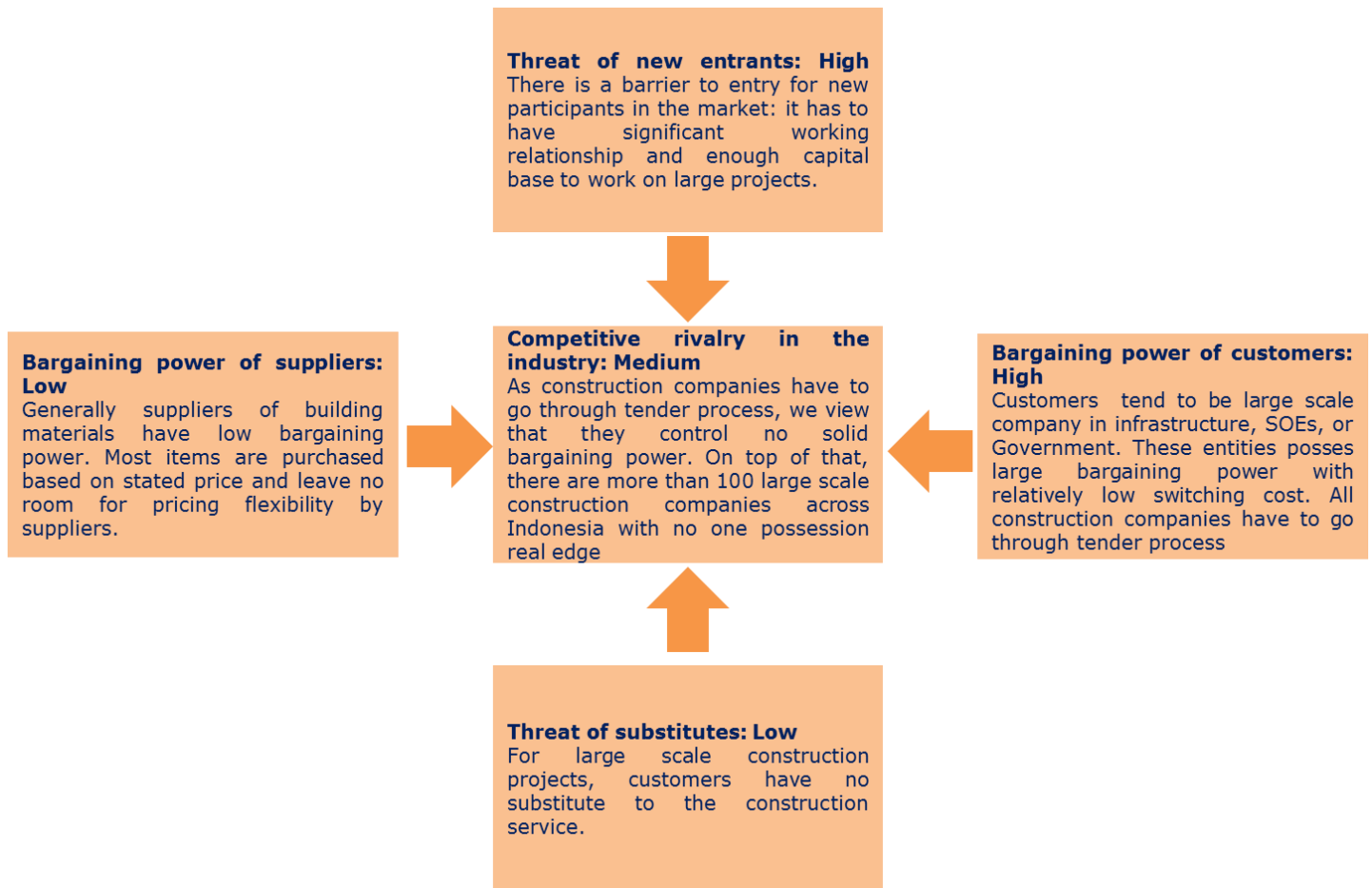
- **Messy bureaucracy:** red tape hurdle potentially leads to two things: volatility of both contracts and revenue. This translates into the lateness of bureaucratic official to launch a particular project that could be classified as order book. In addition, revenue volatility arises as revenue is recognized on project completion. This could potentially delay revenue recognition until later in the year or the following year. This is especially true during any election year or changing administration. We view that regional election on a nation-wide basis may also cause minor problems
- **Land acquisition hurdle:** land acquisition problem is an old classic problem with Indonesian infrastructure sector of which there is no quick panacea. Infrastructure roll-out depends by large on the ability of government to clear the land. This would allow work being done by contractors and lead to revenue booking. Land clearing problem is still pervasive in the field.
- **Working capital limitation:** working capital management is also a key variable for construction companies. Companies need to manage their billing and working capital smoothly to make sure they are on a liquid position.

Industry's competitive landscape

Based on our application of Five Forces and SWOT analysis, we view that the Indonesian construction industry has medium competitive rivalry. No single company dominates the market and bargaining power of construction companies are all medium to low as they have to go through a tender process which cut profitability. Pricing power lies in the hands of project owner more than contractors.

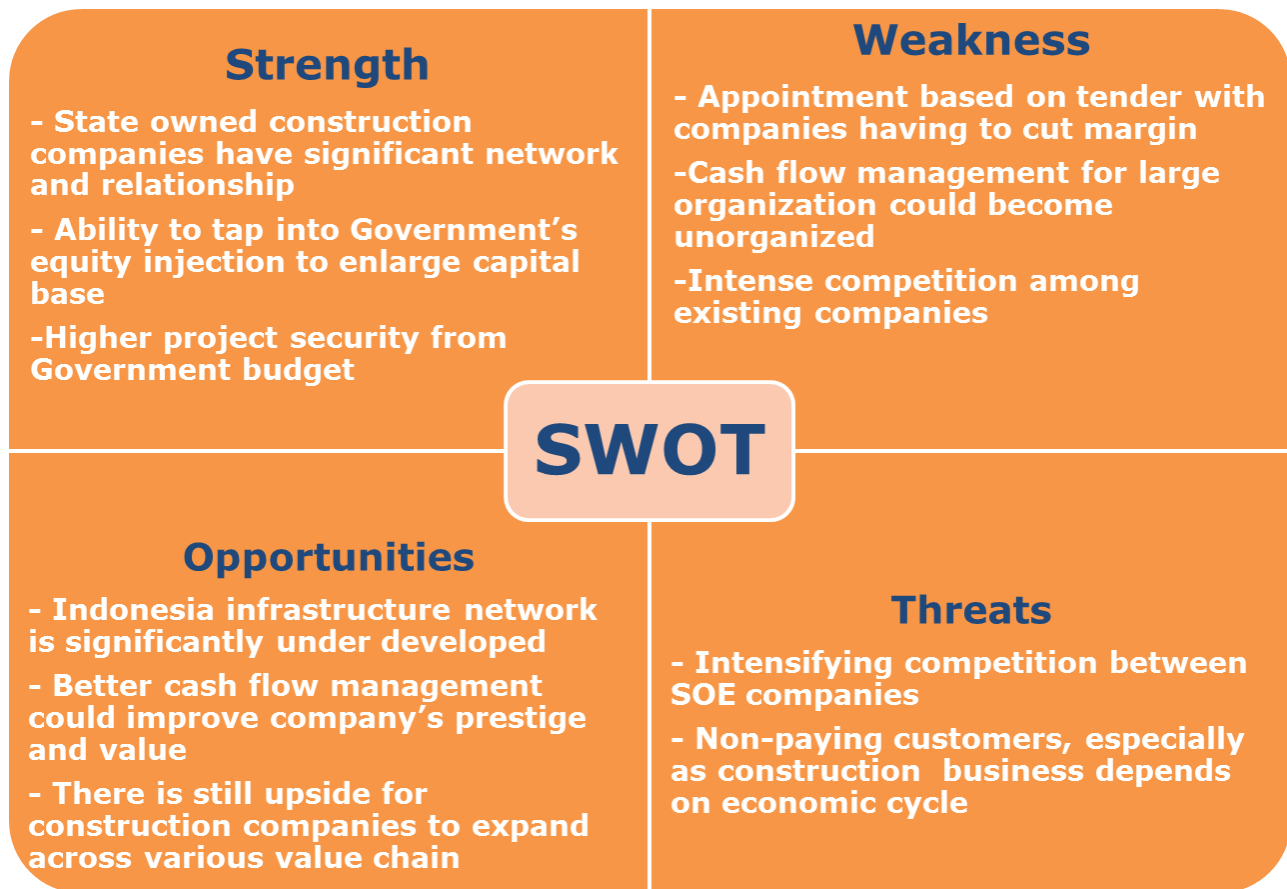
Nonetheless, the industry has tremendous opportunity. From what we have seen the size of the market is very large and it has enough room, at least for now, for all the existing contractors.

Figure 20. Porter's Five Forces



Source: TRIM Research, Michael Porter

Figure 21. SWOT Analysis



Source: TRIM Research

August 25, 2015

Waskita Karya

Company Focus

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Better contract certainty

Toll road investment is a positive for construction

Waskita has acquired seven toll road concessions year to date. This is in-line with the company's plan to become an infrastructure company. We believe the toll road acquisition is a big positive to WSKT as it can get better contract certainty. With total investment of Rp12.7tn required for its toll road development, WSKT secured equivalent amount for its order book over the next five years, giving it relatively higher new contract and revenue. We include only toll road assets where acquisition is a minority portion. We believe these are the assets where company can book construction revenue due to consolidation policy.

Execution and operational risk are always around

What we view as the biggest risk to WSKT is that the company may enter into bad deal with its acquisitions, especially toll road assets where land acquisition is difficult and traffic growth is poor. This could lead to poor IRR on its toll road no value-add to the company besides securing contract.

Government equity injection is a temporary reprieve

The company has received Rp4.2tn injection from the government and institutional investors in Q315. This has alleviated the cash flow of WSKT somewhat as the company continues to burn cash as much as Rp1.3tn from its 1H15 operation.

Valuation: Buy with PT of Rp1,770

We have a Buy recommendation on WSKT with 13% upside. We apply a forward PE multiple of 23.5x to derive our price target. The multiple is equal to the weighted average of WSKT's average forward PE and one standard deviation above its average.



Waskita Karya Persero is a general contractor engaged in diverse range of construction activities, such as road, bridges, harbors, airports, buildings, sewerages factories and others industrial facilities

Buy **Rp1,770**

Company Update

Share Price	Rp1,540
Sector	Construction
Price Target	Rp1,770 (13%)

Stock Data

Reuters Code	WSKT.JK
Bloomberg Code	WSKT.IJ
Issued Shares	13,992
Mkt Cap. (Rpbn)	21,967
Avg. Value Daily 6 Month (Rpbn)	46.8
52-Wk range	1900 / 780

Major Shareholders

Republic of Indonesia	90.4%
Public	9.6%

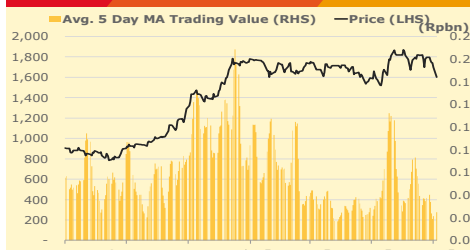
Companies Data

Year end Dec	2013	2014	2015F	2016F	2017F
Sales	9,687	10,287	16,503	21,162	25,548
Net Profit	368	502	761	1,053	1,103
EPS (Rp)	37.8	51.6	54.4	75.2	78.8
EPS Growth (%)	45%	36%	5%	38%	5%
DPS (Rp)	2.1	11.4	10.8	16.3	22.6
BVPS (Rp)	63	55	161	127	132
P/E (x)	10.6	28.3	28.9	20.9	19.9
ROIC (%)	29%	24%	25%	21%	18%

Consensus

EPS	15F	16F
Consensus (Rp)	51	72
TRIM vs Cons. (%)	7%	4%

Stock Price



WSKT	Rp bn	2014	2015E	2016E	2017E
Revenue	TRIM	10,287	16,503	21,162	25,548
	Cons		14,439	19,083	24,902
	%		14%	11%	3%
EBIT	TRIM	875	1,414	1,723	1,933
	Cons		1,222	1,645	2,041
	%		15%	5%	-5%
Net profit	TRIM	502	761	1,053	1,103
	Cons		710	1,013	1,196
	%		7%	4%	-8%

Source: TRIM Research, Bloomberg

TRIM versus Consensus:

Our estimate is relatively in-line with consensus numbers on net profit. However, we have slightly higher revenue and EBIT estimates. We believe that WSKT could secure more market share than its peers and thus we factor in higher revenue estimates. However, we believe that interest expense in the future may still increase if WSKT continues to draw down debt, which maintains our net income estimate to be in-line with consensus.

Valuation: Buy with PT Rp1,770

We have a Buy rating on WSKT with 13% upside. We have assumed a 23.5x forward PE to derive our target price. Our PE multiple is equal to the average of WSKT's average forward PE and its one standard deviation above average forward PE. We choose this multiple to reflect the current upcycle of construction companies, particularly WSKT.

Waskita Karya - WSKT.JK				
Valuation: PE multiple				
Market data				
Current price	Rp/sh	1,570		
Market cap	Rp bn	21,967		
Price target	Rp/sh	1,770		
Upside	%	13%		
Historical PE			EPS data	
+1 ST Dev	26.4	x	2015 EPS	54.4
Average	20.7	x	2016 EPS	75.2
-1 ST Dev	15.0	x	2017 EPS	78.8
Applied multiple	23.5	x	Price target	1,770

Source: TRIM Research

Income Statement (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Revenue	9,687	10,287	16,503	21,162	25,548
Revenue Growth (%)	24.4	21.8	57.8	22.9	14.2
Gross Profit	1,012	1,306	2,034	2,429	2,744
Opr. Profit	672	875	1,414	1,723	1,933
EBITDA	725	961	1,545	1,974	2,364
EBITDA Growth (%)	26.3	32.6	60.7	27.8	19.8
Net Int Inc/(Exp)	-70	-140	-246	-147	-199
Gain/(loss) Forex	21	-3	-	-	-
Other Inc/(Exp)	-12	24	-	-	-
Pre-tax Profit	611	756	1,169	1,576	1,734
Tax	-243	-254	-408	-523	-632
Minority Int.	0	0	-	-	-
Extra. Items	-	-	-	-	-
Reported Net Profit	368	502	761	1,053	1,103
Core Net Profit	353	504	761	1,053	1,103
growth (%)	39.7	43.0	50.9	38.4	4.7
Dividend per share	2	11	11	16	23
growth (%)	NA	443	-5	52	38
Dividend payout ratio	8	30	30	30	30

Balance Sheet (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Cash and Deposits	2,184	1,120	1,675	4,844	2,946
Other Current Assets	5,598	9,404	16,438	16,247	21,707
Net Fixed Assets	415	622	1,291	2,240	2,610
Other Assets	591	1,396	1,416	1,431	1,445
Total Assets	8,788	12,542	20,820	24,762	28,707
ST Debt	875	1,917	1,917	1,917	2,917
Other Curr Liabilities	4,552	5,811	8,490	11,524	14,756
LT Debt	748	1,246	1,171	1,171	0
Other LT Liabs	5,657	8,448	10,889	14,006	18,335
Minority Interest	1	6	6	6	6
Total Liabilities	6,405	9,693	12,060	15,177	18,335
Shareholder's Equity	2,383	2,849	8,761	9,585	10,372
Gross debt	1,623	3,163	3,088	3,088	2,917
Net debt / (cash)	-561	2,043	1,413	-1,756	-29
Invested capital	2,887	4,336	7,005	9,727	11,984
Net Working capital	1,971	2,205	4,359	6,117	7,991

Cash Flow (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Core Net Profit	353	504	761	1,053	1,103
Depr / Amort	53	86	131	251	431
Chg in Working Cap	-743	-234	-2,154	-1,758	-1,874
Others	-48	-445	175	-	-
CF's from oprs	-385	-89	-1,088	-454	-340
Capex	-445	-637	-800	-1,200	-800
Others	66	-446	-20	-15	-14
CF's from investing	-379	-1,082	-820	-1,215	-814
Net change in debt	-296	1,540	-75	-	-171
Others	-21	188	5,151	-228	-316
CF's from financing	-317	1,728	5,076	-228	-486
Net cash flow	-1,081	557	3,168	-1,898	-1,641
Cash at BoY	2,184	1,120	1,675	4,844	2,946
Cash at EoY	1,120	1,675	4,844	2,946	1,305
Free Cashflow	-234	-775	-106	-424	-60

Key Ratio Analysis

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Profitability					
Gross Margin (%)	9.4	10.8	10.6	10.2	9.6
Opr Margin (%)	6.9	8.5	8.6	8.1	7.6
EBITDA Margin (%)	7.5	9.3	9.4	9.3	9.3
Core Net Margin (%)	3.8	4.9	4.6	5.0	4.3
ROAE (%)	16.8	19.2	13.1	11.5	11.1
ROAA (%)	4.3	4.7	4.6	4.6	4.1
Stability					
Current ratio (x)	1.4	1.4	1.7	1.6	1.4
Net Debt to Equity (x)	0.2	0.5	-0.2	0.0	0.2
Net Debt to EBITDA (x)	0.7	1.5	-1.1	0.1	0.7
Interest Coverage (x)	6.9	4.8	4.8		
Efficiency					
A/P (days)	89.0	97.0	105.0	113.0	121.0
A/R (days)	62.0	78.0	88.0	98.0	108.0
Inventory (days)	15	18	20	22	24

Interim Result (Rpbn)

	2Q14	3Q14	4Q14	1Q15	2Q15
Sales	2,147	2,099	5,006	1,403	2,581
Gross Profit	202	188	609	157	324
Opr. Profit	81	91	648	87	282
Net profit	54	68	37	12	160
Gross Margins (%)	9.4	9.0	12.2	11.2	12.5
Opr Margins (%)	3.8	4.3	12.9	6.2	10.9
Net Margins (%)	2.5	3.3	0.7	0.9	6.2

Capital History

Date	
19-Dec-12	IPO@Rp380

August 25, 2015

Pembangunan Perumahan

Company Focus

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Premium valuation for market leader

Grabbing market share

PTPP has surprisingly grabbed more market share year to June with securing Rp13.3tn new contract from both private sector (45%) and SOEs (40%). We view this possibility on the back of lower customer advances as percentage of contract value. However, this is supplemented by better receivable collection days and higher payable days both of which supports operating cash flow.

Less support for subsidiary after IPO

Post IPO of PTPP Property, we view there should be less injection to PPRO to finance construction. We view the IPO as more beneficial to PTPP as PPRO now have adequate working capital to finance construction of high-rises across Indonesia with PTPP being the primary customer. The vertical integration benefits the whole entity and PPRO is the first among construction companies that successfully filed for IPO, giving it a head start relative to other SOEs.

Expect better margin than competitors

We believe that on the back of higher market share, PTPP may be able to post sustainable gross margin at 10%, better than industry's average at 8-9%. We view this as possible given its move to allow flexible working capital to customers. The current gross margin of low-mid teens percentage is skewed from Kalibaru port contract which we expect to be done by 2017.

Valuation: Buy with PT of Rp4,720

Our price target have an upside of 50% from current price. We apply a forward PE multiple of 22.4x which the average forward PE in the past 52 weeks. We believe this is consistent with the up-cycle of the industry.



This state-owned construction company mostly develops offices and hotels in Indonesia. Some parts of investments are minority interest in toll road and power plant under BOT scheme.

BUY **Rp4,720**

Company Update

Share Price	Rp3,145
Sector	Construction
Price Target	Rp4,720 (+50%)

Stock Data

Reuters Code	PTPP.JK
Bloomberg Code	PTPP.IJ
Issued Shares	4,842
Mkt Cap. (Rpbn)	15,229
Avg. Value Daily 6 Month (Rpbn)	40.5
52-Wk range	4245 / 2100

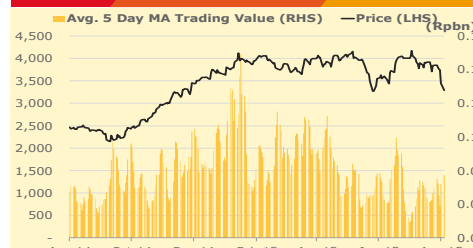
Major Shareholders

Republic of Indonesia	51.0%
Cooperative employees PT PP	3.4%
Public	45.6%

Consensus

EPS	15F	16F
Consensus (Rp)	148	192
TRIM vs Cons. (%)	2.9%	9.7%

Stock Price



Companies Data

Year end Dec	2013	2014	2015F	2016F	2017F
Sales	11,656	12,427	17,196	20,985	25,130
Net Profit	421	532	738	1,020	1,117
EPS (Rp)	87	110	152	211	231
EPS Growth (%)	35.9	26.4	38.7	38.3	9.4
DPS (Rp)	19	26	33	46	63
BVPS (Rp)	410	494	639	831	1,027
P/E (x)	13.3	32.5	20.6	14.9	13.6
ROIC (%)	63.0	58.0	49.4	45.5	41.5

PTPP	Rp bn	2014	2015E	2016E	2017E
Revenue	TRIM	12,427	17,196	20,985	25,130
	Cons		17,280	20,967	26,213
	%		0%	0%	-4%
EBIT	TRIM	1,328	1,791	2,181	2,357
	Cons		1,660	2,128	2,696
	%		8%	2%	-13%
Net profit	TRIM	532	738	1,020	1,117
	Cons		715	951	1,246
	%		3%	7%	-10%

Source: TRIM Research, Bloomberg

TRIM versus Consensus:

Our revenue estimate is below consensus in 2017E which is explained by our conservative assumption. We believe PTPP will always continue to post good growth, but our assumption of 11% topline growth in 2017E is on the conservative side.

We assumed an even lower EBIT on the back of lower gross margin assumption from 12.3% in 2016E to 11.4% in 2017E as we expect Kalibaru Port, which gives higher margin, would be done by this year. Thus gross margin should return to normal level in 2017, bringing about lower net income and EBIT estimates.

Valuation: Buy with PT Rp4,720

We have a Buy rating on PTPP with 50% upside. We have assumed a 22.4x forward PE to derive our target price. Our PE multiple is equal to the average forward PE from the past 52 weeks. This is to symbolize the industry's upcycle. We believe PTPP will continue to outperform others in terms of earnings growth and quality.

Pembangunan Perumahan - PTPP.JK				
Valuation: PE multiple				
Market data				
Current price	Rp/sh	3,145		
Market cap	Rp bn	15,229		
Price target	Rp/sh	4,720		
Upside	%	50%		
Historical PE		EPS data		
+1 ST Dev	25.6	x	2015 EPS	152
Average	22.4	x	2016 EPS	211
-1 ST Dev	19.2	x	2017 EPS	231
Applied PE multiple	22.4	x	Price target	4,714

Source: TRIM Research

Income Statement (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Revenue	11,656	12,427	17,196	20,985	25,130
Revenue Growth (%)	49.0	20.4	36.8	21.5	9.5
Gross Profit	1,367	1,604	2,177	2,651	2,919
Opr. Profit	1,168	1,328	1,791	2,181	2,357
EBITDA	1,180	1,494	1,948	2,366	2,570
EBITDA Growth (%)	37.2	26.6	30.4	21.5	8.6
Net Int Inc/(Exp)	-283	-344	-312	-295	-239
Gain/(loss) Forex	-6	2	0	0	0
Other Inc/(Exp)	-112	-66	-80	-80	-80
Pre-tax Profit	767	919	1,399	1,806	2,038
Tax	-346	-387	-536	-654	-783
Minority Int.	0	0	125	131	138
Extra. Items	0	1	2	3	4
Reported Net Profit	421	532	738	1,020	1,117
Core Net Profit	421	532	738	1,020	1,117
growth (%)	35.9	26.4	38.7	38.3	9.4
Dividend per share	19	26	33	46	63
growth (%)	17.2	35.8	26.4	38.7	38.3
Dividend payout ratio	30.0	30.0	30.0	30.0	30.0

Balance Sheet (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Cash and Deposits	2,397	2,408	2,166	1,342	1,047
Other Current Assets	9,400	11,137	14,178	17,109	20,529
Net Fixed Assets	377	713	1,007	1,272	1,509
Other Assets	242	353	353	353	353
Total Assets	12,416	14,612	17,705	20,075	23,438
ST Debt	1,475	1,592	2,200	1,500	1,500
Other Curr Liabilities	7,339	8,246	10,289	12,524	15,149
LT Debt	813	1,505	1,445	1,247	917
Other LT Liabs	804	878	677	781	900
Minority Interest	1	1	126	257	395
Total Liabilities	10,431	12,222	14,612	16,052	18,466
Shareholder's Equity	1,985	2,390	3,093	4,024	4,972
Gross debt	2,287	3,098	3,645	2,747	2,417
Net debt / (cash)	-286	487	1,276	1,203	1,167
Invested capital	1,699	2,877	4,369	5,226	6,139
Net Working capital	2,983	3,707	3,855	4,426	4,927

Cash Flow (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Core Net Profit	421	532	738	1,020	1,117
Depr / Amort	12	166	157	185	213
Chg in Working Cap	862	(846)	(1,199)	(592)	(676)
Others	(644)	430	125	131	138
CF's from oprs	651	282	(180)	745	792
Capex	(84)	(589)	(450)	(450)	(450)
Others	(279)	63	-	-	-
CF's from investing	(363)	(525)	(450)	(450)	(450)
Net change in debt	492	810	547	(898)	(330)
Others	167	(567)	(160)	(221)	(306)
CF's from financing	659	243	388	(1,119)	(636)
Net cash flow	947	(0)	(242)	(825)	(295)
Cash at BoY	1,303	2,397	2,408	2,166	1,342
Cash at EoY	2,397	2,408	2,166	1,342	1,047

Key Ratio Analysis

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Profitability					
Gross Margin (%)	10.9	12.3	12.2	12.1	11.1
Opr Margin (%)	10.0	10.7	10.4	10.4	9.4
EBITDA Margin (%)	10.1	12.0	11.3	11.3	10.2
Core Net Margin (%)	3.6	4.3	4.3	4.9	4.4
ROAE (%)	23.1	24.3	26.9	28.7	24.8
ROAA (%)	4.0	3.9	4.6	5.4	5.1
Stability					
Current ratio (x)	1.3	1.4	1.3	1.3	1.3
Net Debt to Equity (x)	0.0	0.0	0.0	0.0	0.0
Net Debt to EBITDA (x)	-0.2	0.3	0.7	0.5	0.5
Interest Coverage (x)	4.0	3.7	5.4	7.0	9.5
Efficiency					
A/P (days)	185.0	223.0	223.0	223.0	223.0
A/R (days)	27.0	34.0	34.0	34.0	34.0
Inventory (days)	5.0	10.0	5.0	5.0	5.0

Interim Result (Rpbn)

Year end 31 Dec	1Q14	2Q14	3Q14	4Q14	1Q15
Sales	1,999	2,603	3,205	4,620	1,982
Gross Profit	198	339	375	620	278
Opr. Profit	134	212	311	473	187
Net profit	61	85	143	242	94
Gross Margins (%)	9.9	13.0	11.7	13.4	14.0
Opr Margins (%)	6.7	8.1	9.7	10.2	9.4
Net Margins (%)	3.1	3.3	4.5	5.2	4.7

Capital History

Date	
9-Feb-10	IPO@Rp560

August 25, 2015

Wijaya Karya

Company Focus

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Market share under threat

Diminishing market share – initiate with Sell

We view that WIKA is in a tough competitive battle against its now sizable rival PTTP and WSKT. We believe this is attributable to execution in WSKT and PTTP catching up with WIKA, especially with regards to both vertical (precast business) and horizontal (property, EPC) integration. This leads to WIKA's eroding value proposition.

Waiting for big positive of 2016 government injection

WIKA is currently trying to secure Rp3tn injection from the government in 2016. The fund will be part of Central Government's budget to inject SOE. We view the possible injection as positive for WIKA to maintain a strong equity. Post-rights, WIKA could secure a book value of equity of Rp9.3tn, the highest in the sector and ample capital base to secure more construction project. We have not incorporated the injection into our base case.

A stock to play 35GW theme

What set WIKA to be unique among others is that it intends to dominate the market share of Jokowi's 35GW roll out program. Wijaya Karya generally has higher EPC performance (Rp3tn annually or 25-30% of revenue relative to sector's 12%). However, power project is not always easy to execute due to land acquisition issue and tight cash flow management.

Valuation: Sell with PT Rp2,525

We apply a forward PE of 18.9x to value WIKA. Our price target signifies a 2% downside. We apply a 25% discount from WIKA's average forward PE multiple to incorporate losing market share in our valuation. The PE multiple is equivalent to WIKA's trading multiple from recent correction.

Companies Data

Year end Dec	2013	2014	2015F	2016F	2017F
Sales	11,885	11,885	12,463	14,619	16,279
Net Profit	570	570	615	744	822
EPS (Rp)	93	93	100	121	134
EPS Growth (%)	19.7	7.9	21.0	10.4	9.4
DPS (Rp)	22	28	30	36	40
BVPS (Rp)	525	810	914	1,023	1,140
P/E (x)	17.0	36.7	25.7	21.2	19.3
ROIC (%)	40.1	30.4	22.1	20.5	19.5



The Company constructs commercial and residential apartment buildings, rail transportation systems and bridges, and manufactures concrete products, energy conversion products, alloy component casting, as well as property business.

Sell **Rp2,525**

Company Update

Share Price	Rp2,570
Sector	Construction
Price Target	Rp2,525 (-2%)

Stock Data

Reuters Code	WIKA.JK
Bloomberg Code	WIKA.IJ
Issued Shares	6,149
Mkt Cap. (Rpbn)	15,804
Avg. Value Daily 6 Month (Rpbn)	44.5
52-Wk range	3895 / 2370

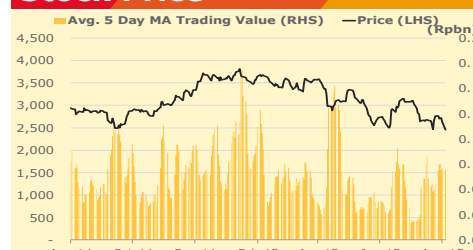
Major Shareholders

Republic of Indonesia	65.0%
Others	35.0%

Consensus

EPS	15F	16F
Consensus (Rp)	105	143
TRIM vs Cons. (%)	13%	-7%

Stock Price



WIKA		2014	2015E	2016E	2017E
Revenue	TRIM	12,463	14,619	16,227	17,531
	Cons		14,199	18,328	23,721
	%		3%	-11%	-26%
EBIT	TRIM	1,401	1,425	1,564	1,667
	Cons		1,332	1,742	2,268
	%		7%	-10%	-27%
Net profit	TRIM	615	744	821	895
	Cons		656	885	1,193
	%		13%	-7%	-25%

Source: TRIM Research, Bloomberg

TRIM versus Consensus:

Our net income estimate for 2015 is slightly above consensus as we think execution for this year would still be strong. However, our forecast is below consensus for 2016-17E on the back of our assumption that WIKA would be losing market share for both construction and pre-cast business. Our net profit is 8% and 25% below consensus for 2016-17E respectively.

Valuation: Sell with PT Rp2,525

We have a Sell rating on WIKA with 2% downside. We have assumed a 18.9x forward PE to derive our target price. This represents a 25% discount to WIKA's average 52-weeks PE but consistent with recent de-rating in the past few weeks over the concern of losing market share. We believe the trouble is not yet over with WIKA and company will need to find ways to defend its market share.

Wijaya Karya - WIKA.JK				
Valuation: PE multiple				
Market data				
Current price	Rp/sh	2,570		
Market cap	Rp bn	15,804		
Price target	Rp/sh	2,525		
Upside	%	-1.8%		
Historical PE		EPS data		
+1 ST Dev	28.1	x	2015 EPS	121
Average	25.2	x	2016 EPS	133
-1 ST Dev	22.4	x	2017 EPS	146
Applied Multiple	18.9	x	Price target	2,525

Source: TRIM Research

Income Statement (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Revenue	11,885	12,463	14,619	16,227	17,531
Revenue Growth (%)	38.1	7.7	9.7	10.4	7.6
Gross Profit before JO	1,322	1,425	1,563	1,725	1,857
Opr. Profit	1,216	1,401	1,425	1,564	1,667
EBITDA	1,336	1,592	1,650	1,830	1,975
EBITDA Growth (%)	39.0	19.2	3.6	10.9	7.9
Net Int Inc/(Exp)	-40	-124	-166	-208	-206
Gain/(loss) Forex	-31	-2	0	0	0
Other Inc/(Exp)	-128	-129	0	0	0
Pre-tax Profit	1,017	1,146	1,260	1,356	1,460
Tax	-392	-395	-419	-450	-482
Minority Int.	54	136	96	86	83
Extra. Items	0	0	0	0	0
Reported Net Profit	570	615	744	821	895
Core Net Profit	593	617	744	821	895
growth (%)	25.2	3.9	20.7	10.2	9.1
Dividend per share	22	28	30	36	40
growth (%)	7.9	15.3	-10.8	9.8	1.0
Dividend payout ratio	28.9	30.0	30.0	30.0	30.0

Cash Flow (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Core Net Profit	593	617	744	821	895
Depr / Amort	120	191	225	267	309
Chg in Working Cap	-45	-247	-1,007	-452	-622
Others	-380	-738	96	86	83
CF's from oprs	289	-178	58	721	665
Capex	-1,030	-2,167	-687	-687	-687
Others	410	899	-	-	-
CF's from investing	-620	-1,268	-687	-687	-687
Net change in debt	417	1,359	-651	-329	-147
Others	232	-1,001	196	238	262
CF's from financing	185	2,360	-847	-567	-409
Net cash flow	-145	914	-1,477	-533	-431
Cash at BoY	1,532	1,387	2,301	824	291
Cash at EoY	1,387	2,301	824	291	-140
Free Cashflow	-773	-295	254	460	714

Interim Result (Rpbn)

Year end 31 Dec	2Q14	3Q14	4Q14	1Q15	2Q15
Sales	3,061	2,752	3,858	2,005	2,773
Gross Profit	353	271	485	185	311
Opr. Profit	251	150	408	99	206
Net profit	115	118	214	62	139
Gross Margins (%)	11.5	9.8	12.6	9.2	11.2
Opr Margins (%)	8.2	5.4	10.6	4.9	7.4
Net Margins (%)	3.8	4.3	5.6	3.1	5.0

Balance Sheet (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Cash and equivalents	1,387	2,301	824	291	-140
Other curr asset	6,608	7,214	9,793	11,381	12,875
Net fixed asset	2,328	3,944	4,406	4,827	5,205
Other asset	2,273	2,457	2,457	2,457	2,457
Total asset	12,595	15,915	17,480	18,955	20,397
ST debt	402	1,708	929	1,200	1,905
Other curr liab	6,897	6,768	8,013	9,028	9,789
LT debt	1,271	1,324	1,452	852	-
Other LT Liab	799	1,137	1,464	1,585	1,695
Total Liabilities	9,368	10,936	11,858	12,665	13,389
Minority interest	278	989	1,085	1,171	1,254
Shareholders Equity	3,227	4,979	5,623	6,291	7,007
Gross debt	1,672	3,032	2,381	2,052	1,905
Net debt / (cash)	286	731	1,556	1,761	2,045
Invested capital	3,513	5,709	7,179	8,051	9,052
Net Working capital	-471	246	1,580	2,153	2,886

Key Ratio Analysis

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Profitability					
Gross Margin (%)	11.1	11.4	10.7	10.6	10.6
Opr Margin (%)	10.2	11.2	9.7	9.6	9.5
EBITDA Margin (%)	11.2	12.8	11.3	11.3	11.3
Core Net Margin (%)	4.8	4.9	5.1	5.1	5.1
ROAE (%)	18.8	15.0	14.0	13.8	13.5
ROAA (%)	4.8	4.3	4.5	4.5	4.6
Stability					
Current ratio (x)	1.1	1.1	1.2	1.1	1.1
Net Debt to Equity (x)	0.1	0.1	0.3	0.3	0.3
Net Debt to EBITDA (x)	0.2	0.5	0.9	1.0	1.0
Interest Coverage (x)	19.0	7.1	5.9	7.6	9.3
Efficiency					
A/P (days)	121	154	120	120	120
A/R (days)	40	43	46	49	52
Inventory (days)	12	16	17	18	19

Capital History

Date	
29-Oct-07	IPO@Rp420

August 25, 2015

Wika Beton

Company Focus

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Growth problems from poor industry dynamics

Initiate with a Sell

We initiate coverage on Wika Beton with a Sell rating. We believe the company will always enjoy good synergy with WIKA parent. However, we believe the business model is not sustainable due to WTON lacking economies of scale and low entry barrier into the business. We view that the key edge for pre-cast business are distribution network and R&D spending which are not unique to WTON and others can catch-up given enough time and capital.

WTON's economies of scale are lacking:

Due to the numerous plants that WTON have, the company could not benefit from economies of scale to reduce fix cost. Instead, plant expansion across different locations would increase fix cost components instead of having a single concentrated complex. WTON has 12 plants across many provinces which are scattered.

Declining ROIC

We forecast ROIC contraction for WTON from 32% in 2014 to 12% and 10% in 2015 and 2016 respectively. This is on the back of lower EBIT growth relative to its invested capital. We note that the best way for WTON now is to focus on growing revenue and securing new contract.

Valuation: Sell rating with PT of Rp680

We apply a forward PE multiple of 28.5x which is consistent a 25% discount to WTON's average forward PE multiple since IPO. With 2.70% EPS CAGR, we see no compelling reason to turn bullish on the company.



Has the biggest production capacity with 38.6% of total production capacity in Indonesia and 42.7% market share in Indonesia as of 2013.

Sell **Rp680**

Company Update

Share Price	Rp855
Sector	Construction
Price Target	Rp680 (-21%)

Stock Data

Reuters Code	WTON.JK
Bloomberg Code	WTON.IJ
Issued Shares	8,715
Mkt Cap. (Rpbn)	7,452
Avg. Value Daily 6 Month (Rpbn)	21.3
52-Wk range	1440 / 840

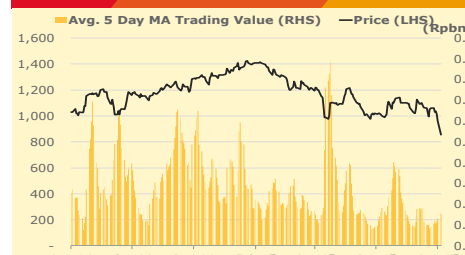
Major Shareholders

PT Wijaya Karya	60.0%
Others	11.2%
Public	28.8%

Consensus

EPS	15F	16F
Consensus (Rp)	34	45
TRIM vs Cons. (%)	-20.4%	-47.3%

Stock Price



Companies Data

Year end Dec	2013	2014	2015F	2016F	2017F
Sales	2,644	3,277	3,413	3,681	3,891
Net Profit	243	329	232	208	202
EPS (Rp)	27.9	37.7	26.7	23.8	23.2
EPS Growth (%)	35%	35%	-29%	-11%	-3%
DPS (Rp)	7.2	2.3	13.2	9.3	8.3
BVPS (Rp)	84	255	266	279	293
P/E (x)		32.3	32.1	35.9	36.9
ROIC (%)	61	32	12	10	10

WTON		2014	2015E	2016E	2017E
Revenue	TRIM	3,277	3,413	3,681	3,891
	Cons		3,436	4,326	5,223
	%		-1%	-15%	-25%
EBIT	TRIM	409	283	302	316
	Cons		299	437	620
	%		-6%	-31%	-49%
Net profit	TRIM	329	232	208	202
	Cons		322	414	450
	%		-28%	-50%	-55%

Source: TRIM Research, Bloomberg

TRIM versus Consensus:

Our revenue, EBIT and net profit estimate for 2015-17 are significantly below consensus as we think new contract numbers in the long run may disappoint and grow at 5% CAGR. This is based on several things: 1) competitive land scape could force WTON to sell volume at disappointing rate, and 2) losing market share from WIKA parent, which could translate to weakness to WTON. We see little profit growth and declining ROIC to a low base for the next three years.

Valuation: Sell with PT Rp680

We have a Sell rating on WTON with 21% downside. We have assumed a 28.5x forward PE to derive our target price. This represents 25% discount from WTON's average PE, which is consistent with the discount we apply to WIKA. The discount represent the de-rating that could occur from losing market share.

Wika Beton - WTON.JK				
Valuation: PE multiple				
Market data				
Current price	Rp/sh	855		
Market cap	Rp bn	7,452		
Price target	Rp/sh	680		
Upside	%	-20.5%		
Historical PE		EPS data		
+1 ST Dev	49.7	x	2015 EPS	27
Average	43.9	x	2016 EPS	24
-1 ST Dev	38.0	x	2017 EPS	23
Applied Multiple	28.5	x	Price target	680

Source: TRIM Research

Income Statement (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Revenue	2,644	3,277	3,413	3,681	3,891
Revenue Growth (%)	46.2	25.5	-10.8	7.1	5.0
Gross Profit	388	487	434	465	488
Opr. Profit	336	409	283	302	316
EBITDA	397	494	378	407	430
EBITDA Growth (%)	44.1	24.3	-23.5	7.7	5.9
Net Int Inc/(Exp)	-4	6	19	-33	-55
Gain/(loss) Forex	-5	-5	-	-	-
Other Inc/(Exp)	1	2	-	-	-
Pre-tax Profit	329	412	302	269	261
Tax	-87	-89	-75	-67	-65
Minority Int.	-2	-6	-6	-6	-6
Extra. Items	0	0	0	0	0
Reported Net Profit	243	329	232	208	202
Core Net Profit	247	332	232	208	202
growth (%)	34.3	34.7	-30.1	-10.6	-2.8
Dividend per share	7	2	13	9	8
growth (%)	-	-68.1	474.9	-29.2	-10.6
Dividend payout ratio	34.9	35.0	35.0	35.0	35.0

Balance Sheet (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Cash and equivalents	450	1,038	-347	-654	-731
Other curr asset	1,483	1,089	2,474	2,666	2,817
Net fixed asset	1,012	1,671	1,813	1,946	2,068
Other asset	9	4	4	4	4
Total asset	2,955	3,802	3,945	3,962	4,158
ST debt	174	566	297	100	100
Other curr liab	1,621	943	1,268	1,361	1,435
LT debt	369	1	0	0	0
Other LT Liab	62	66	66	66	66
Total Liabilities	2,225	1,577	1,630	1,527	1,600
Minority interest	50	59	53	47	41
Shareholders Equity	730	2,226	2,315	2,435	2,558
Gross debt	542	568	297	100	100
Net debt / (cash)	92	-471	644	754	831
Invested capital	822	1,755	2,958	3,189	3,388
Net Working capital	-138	145	1,207	1,305	1,383

Cash Flow (Rpbn)

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Core Net Profit	243	329	232	208	202
Depr / Amort	61	85	95	105	115
Chg in Working Cap	-163	-296	-1,061	-98	-77
Others	38	74	-29	-6	-6
CF's from oprs	179	192	-763	208	233
Capex	-454	-790	-237	-237	-237
Others	-	-	-	-	-
CF's from investing	-454	-790	-237	-237	-237
Net change in debt	523	25	-271	-197	-
Others	-137	1,161	-115	-81	-73
CF's from financing	386	1,186	-386	-278	-73
Net cash flow	110	588	-1,385	-307	-77
Cash at BoY	340	450	1,038	-347	-654
Cash at EoY	450	1,038	-347	-654	-731
Free Cashflow	-773	-295	254	460	714

Key Ratio Analysis

Year end 31 Dec	2013	2014	2015F	2016F	2017F
Profitability					
Gross Margin (%)	14.7	14.9	12.7	12.6	12.5
Opr Margin (%)	12.7	12.5	8.3	8.2	8.1
EBITDA Margin (%)	15.0	15.1	11.1	11.0	11.1
Core Net Margin (%)	9.3	10.1	6.8	5.6	5.2
ROAE (%)	36.4	22.2	10.2	8.7	8.1
ROAA (%)	9.1	9.7	6.0	5.3	5.0
Stability					
Current ratio (x)	1.1	1.4	1.4	1.4	1.4
Net Debt to Equity (x)	-0.2	-0.1	0.0	0.3	0.3
Net Debt to EBITDA (x)	-0.3	-0.4	0.2	1.7	1.8
Interest Coverage (x)	36.1	8.5	8.6	25.1	26.3
Efficiency					
A/P (days)	53	55	60	60	60
A/R (days)	63	57	65	65	65
Inventory (days)	137	60	180	180	180

Interim Result (Rpbn)

Year end 31 Dec	2Q14	3Q14	4Q14	1Q15	2Q15
Sales	864	644	955	428	464
Gross Profit	129	80	150	34	81
Operating Profit	107	59	127	18	56
Net Profit	92	51	105	17	37
Gross Margins (%)	15.0	12.4	15.7	8.0	17.4
Opr Margins (%)	12.4	9.2	13.3	4.3	12.1
Net Margins (%)	10.7	7.9	11.0	4.0	7.9

Capital History

Date	
29-Oct-07	IPO@Rp420

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